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南京熊猫电子股份有限公司

NANJING PANDA ELECTRONICS COMPANY LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00553)

2016 PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICE

- 1.1** This summary of annual report was extracted from the Annual Report of Nanjing Panda Electronics Company Limited (the “**Company**”) and its subsidiaries (collectively as the “**Group**”). To have comprehensive knowledge of the operating results, financial position and future development plan of the Company, investors are advised to carefully read the full text of the annual report on the website of the Shanghai Stock Exchange and other media designated by China Securities Regulatory Commission.
- 1.2** The board of directors, the supervisory committee and the directors, supervisors and senior management members of the Company confirm that the information contained in this summary of annual report is true, accurate, and complete without any misrepresentation, misleading statements, or material omissions, and severally and jointly accept legal responsibility for the above.
- 1.3** All the directors of the Company attended the Board meeting.
- 1.4** Proposal of profit distribution or capitalisation of capital reserves of the Company for the reporting period considered by the Board

To distribute a cash dividend of RMB0.70 (tax inclusive) for every ten shares to all the shareholders on the basis of a total share capital of 913,838,529 shares as at 31 December 2016, with the total cash dividend to be distributed amounting to RMB63,968,697.03, and the balance to be carried forward to next year. The Company would not make any conversion of capital reserve.

The distribution of the proposed final dividend is subject to the approval by the shareholders at the forthcoming annual general meeting of the Company (“AGM”) to be held on or before 30 June 2017 and is expected to be paid to the holders of H shares of the Company on or before 10 August 2017. The notice of the AGM will be despatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange and the Company, respectively in due course.

1.5 Basic Information of the Company

Stock Profile				
Stock type	Listing stock exchange	Abbreviated name	Stock Code	Stock name before change
A share	Shanghai Stock Exchange	Nanjing Panda	600775	N/A
H share	The Stock Exchange of Hong Kong Limited	Nanjing Panda	00553	N/A
Contact person and information		Secretary to the Board	Securities Affairs Representative	
Name		Shen Jianlong	Wang Dongdong	
Office Address		7 Jingtian Road, Nanjing, the People’s Republic of China	7 Jingtian Road, Nanjing, the People’s Republic of China	
Telephone		(8625) 8480 1144	(8625) 8480 1144	
E-mail address		dms@panda.cn	dms@panda.cn	

II. INFORMATION ON PRINCIPAL ACTIVITIES DURING THE REPORTING PERIOD

2.1 Principal products and activities

The principal activities of the Company are the development, manufacture and sale of electronic equipment products, consumer electronic products and electronic manufacturing products. Electronic equipment includes automation equipment, electronic transport equipment and communication equipment; consumer electronics include digital home electronics and related products; electronics manufacturing include EMS and other services.

According to the development strategy of the Company, the Company will prioritize and focus on the development of electronic equipment products related business. At present, the automation equipment products mainly consist of LCD panel and LCD glass production line system as well as the ancillary components of production and transmission equipment, and industrial robot in relevant industries; electronic transport equipment products mainly comprise railway transit ACC system, AFC system, railway lines communication system and intelligent transit terminal equipment, and building intelligent project; communication equipment products mainly include digital trunking system, TD-LTE small base station related products, various time-frequency equipment and specific communication equipment, and radio and television broadcast transmitters.

The digital home business was mainly carried out by Shenzhen Jinghua Electronics Co., Ltd.. The consumer electronic products also include tablet computer and smart wristband.

After years of development, electronic manufacturing services of the Company, which are centered around EMS and provides design, production and supply chain management services for the relevant electronic products, have been underpinned by the Company's capabilities of plastic casings, painting, assembling and processing as well as its manufacturing processes and technology of special new materials used for RF antenna.

2.2 Operating model

By implementation of diversified operation, actively development of electronic equipment industry and intelligent manufacturing services, expansion of consumer electronics field, and formation of operating of considerable scale and competitive edges, the Company became the national leading manufacturers and service providers of whole-set production equipment, rail transit AFC system and specialized communication equipment. The Company proactively adapted to and flexibly responded to the economic development situation and changes in demand of the market and other external factors under the new normal environment, adhering to technological innovation, optimizing the industrial structure, and strengthening standardized management, striving to maintain steady development trend.

1. As oriented by consumer market and customer demand, the Company has researched and developed, produced and sold a variety of equipment terminal products and consumer electronics products.

2. By virtue of constantly optimizing the industrial structure and product mix, expanding industry and business segment, participating in construction of major projects such as urban rail transit, intelligent buildings, smart home and intelligent factories, the Company continued to carry out its industrial upgrade by expanding to undertake major projects and provide systematic whole-set equipment.
3. The Company continued and consolidated the “agile, lean and smart” manufacturing service system and further enhanced the level of site management, formed a complete EMS manufacturing industrial chain from research and development, supply chain management, manufacturing, quality assurance to worldwide logistics, and provided ODM services to global well-known enterprises.
4. The Company has carried out international cooperation at an early stage, and set up a joint venture with international well-known enterprise. The Company attached great importance to the management and coordination of the joint venture, and realized a better return on investment after years of development.

2.3 Industry overview

In 2016, the electronic information industry developed steadily: manufacturers above designated size achieved value added growth of 10%, with the increasing rate declined by 0.5 percentage points from last year; export delivery value fell by 0.1% year-on-year, with the falling rate narrowed by 0.1 percentage points over the previous year. Among various sectors, the electronic equipment industry where the Company is principally engaged grew rapidly.

In the field of intelligent equipment manufacturing up to 2020, the proportion of sales revenue in the industry of high-end equipment manufacturing to that of the equipment manufacture industry will rise as high as 25%. As a result, the Company continued to intensify construction of R&D base as well as industrial base and laid solid foundation for technological innovation and achievement transformation by creating bases including Panda Electronic Equipment Industrial Park (熊貓電子裝備園), Panda Electronic Manufacturing Park (熊貓電子製造園) and by continuously perfecting infrastructure for R&D and meeting requirements for industrialization. The Company took the lead in self-development and industrialization of

core technology of robotic control system, with its whole set intelligent manufacturing equipment (成套智能製造裝備) employed in projects such as production lines for panel and glass substrate as well as factory automatic equipment in the industry of new type of display. The Company will further consolidate its technological resources with focus on building R&D centre of electronic equipment and concentration on breakthrough in terms of key technologies including electronic equipment and EMS services.

In the field of urban rail transit, the total mileage of urban rail transit currently in service in China is over 3,300 kilometers and is expected to reach 6,000 kilometers in the “13th Five-Year Plan” period, which means that nearly 3,000 kilometers will be built in the period. Furthermore, the urban rail transit construction plans of 40 cities with a total planned mileage of approximately 8,500 kilometers have been approved. The government issued 68 major projects to be launched from 2015 to 2017 which would accelerate construction of urban rail transit major projects. The Company has specialized equipment for development and design of large-scale system software and dedicated equipment as well as components of automatic clearing system, automatic fare collection system. The products, ACC system and AFC system, automatic ticket vending machine, automatic fare collection machine, semi-automatic ticket vending machine, portable ticket checking machine, standard card reader with built-in ticketing process, with the Company’s own intellectual property, have become widespread in metros in cities like Nanjing, Suzhou, Wuxi, Wuhan, Beijing, Shenzhen, Shijiazhuang and Hefei. The Company, adhering to guidance of industry policies of the State, will expand business in the field of rail transit, make the most of the results achieved in the field of rail transit and interactive channels with owners of the metros, adopt appropriate investment and financing business models so as to rapidly expand business in the field of rail transit and seek for healthy and speedy development in the business of rail transit.

III. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

3.1 Major accounting data and financial indicators

(prepared in accordance with the Accounting Standards for Business Enterprises of China)

Unit: 0'000 Currency: RMB

	2016	2015	Year-on-year increase/ decrease (%)	2014	2013 Restated	2012 Restated
Total assets	523,997.64	489,179.94	7.12	462,412.47	448,102.66	346,785.48
Operating revenue	370,276.34	361,348.29	2.47	348,764.11	413,621.48	373,110.51
Net profit attributable to shareholders of the Company	11,924.05	14,383.67	-17.10	15,323.01	18,482.09	13,354.89
Net profit attributable to shareholders of the Company after extraordinary items	4,049.37	10,912.34	-62.89	9,928.08	4,804.63	5,944.69
Net asset attributable to shareholders of the Company	332,027.06	326,327.94	1.75	317,895.30	313,603.56	169,786.22
Net cash flow from operating activities	5,314.68	10,899.52	-51.24	4,403.40	871.49	-931.47
Basic earnings per share (RMB/share)	0.1305	0.1574	-17.09	0.1667	0.2356	0.2039
Diluted earnings per share (RMB/share)	0.1305	0.1574	-17.09	0.1667	0.2356	0.2039
Weighted average return on net assets (%)	3.67	4.46	Decreased by 0.79 percentage point	4.82	7.66	8.10

IV. MAJOR FINANCIAL INDICATORS BY QUARTER IN 2016 IN THE REPORTING PERIOD

Unit: 0'000 Currency: RMB

	First quarter (Jan.–Mar.)	Second quarter (Apr.–Jun.)	Third quarter (Jul.–Sep.)	Fourth quarter (Oct.–Dec.)
Operating revenue	69,251.33	82,668.28	97,256.98	121,099.75
Net profit attributable to shareholders of the Company	3,790.49	1,674.48	2,446.08	4,012.55
Net profit attributable to shareholders of the Company after extraordinary items	2,123.45	-1,106.77	2,176.75	856.30
Net cash flow from operating activities	4,765.87	3,427.66	-14,728.08	11,849.23

V. PARTICULARS OF SHARE CAPITAL AND SHAREHOLDERS

5.1 Number of holders of ordinary shares and shareholding of top 10 shareholders

Unit: share

Total number of holders of ordinary shares at the end of the reporting period 35,134

Total number of holders of ordinary shares as at the end of the month immediately before the publication date of the annual report 36,333

Name of Shareholder	Shareholdings of top 10 shareholders			Number of shares held subject to trading moratorium	Pledged or frozen Shares		Type of shareholders
	Increase/decrease during the year ended 31 December 2016 (the "Reporting Period")	Number of shares held at the end of the Reporting Period	Percentage (%)		Status of shares	Number of shares	
Hong Kong Securities Clearing Company Nominees Limited	-31,999	241,387,570	26.41	0	Unknown		Overseas legal person
Panda Electronics Group Limited ("PEGL")	0	210,661,444	23.05	0	Pledged	93,880,000	State-owned legal person
China Huarong Assets Management Co., Ltd.	0	82,811,667	9.06		Unknown		State-owned legal person
Nanjing Electronics Information Industrial Corporation ("NEIIC")	17,197,100	63,302,611	6.93	0	Unknown		State-owned legal person
China Great Wall Asset Management Corporation	0	14,172,397	1.55	0	Unknown		State-owned legal person
Agricultural Bank of China Limited – China Post Core Growth Mixed Securities Investment Fund (中國農業銀行股份有限公司 – 中郵核心成長混合型證券投資基金)	10,000,000	10,000,000	1.09	0	Unknown		Others
National Social Security Fund – Combination 114 (全國社保基金一一四組合)	2,257,185	5,193,361	0.57	0	Unknown		Others
South Industry Assets Management Co., Ltd. (南方工業資產管理有限責任公司)	-200,000	4,800,000	0.53	0	Unknown		Others
Xi Caixia (奚彩霞)	4,419,522	4,419,522	0.48		Unknown		Domestic natural person
Huang Liangfu (黃亮富)	1,345,125	4,148,825	0.45	0	Unknown		Domestic natural person

Shareholdings of the top 10 holders of shares not subject to trading moratorium

Name of Shareholder	Number of shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
HKSCC (Nominees) Limited	241,387,570	Overseas listed foreign shares	241,387,570
PEGL	210,661,444	RMB ordinary shares	210,661,444
China Huarong Asset Management Co., Ltd.	82,811,667	RMB ordinary shares	82,811,667
NEIIC	63,302,611	RMB ordinary shares	49,534,611
		Overseas listed foreign shares	13,768,000
China Great Wall Asset Management Corporation	14,172,397	RMB ordinary shares	14,172,397
Agricultural Bank of China Limited – China Post Core Growth Mixed Securities Investment Fund	10,000,000	RMB ordinary shares	10,000,000
National Social Security Fund – Combination 114	5,193,361	RMB ordinary shares	5,193,361
South Industry Assets Management Co., Ltd.	4,800,000	RMB ordinary shares	4,800,000
Xi Caixia	4,419,522	RMB ordinary shares	4,419,522
Huang Liangfu	4,148,825	RMB ordinary shares	4,148,825

Details for the connected relationship or party acting in concert among the aforesaid shareholders NEIIC holds 100% equity interests of PEGL, the controlling shareholder of the Company. NEIIC holds, directly and through asset management plans, 49,534,611 A shares and 13,768,000 H shares of the Company, representing 6.93% of the total number of shares. NEIIC indirectly holds 210,661,444 A shares of the Company through PEGL, representing 23.05% of the total number of shares. In total, NEIIC holds 29.98% equity interests of the Company. Save as the above, the Company is not aware of any connected relationship or party acting in concert among the aforesaid shareholders.

Note:

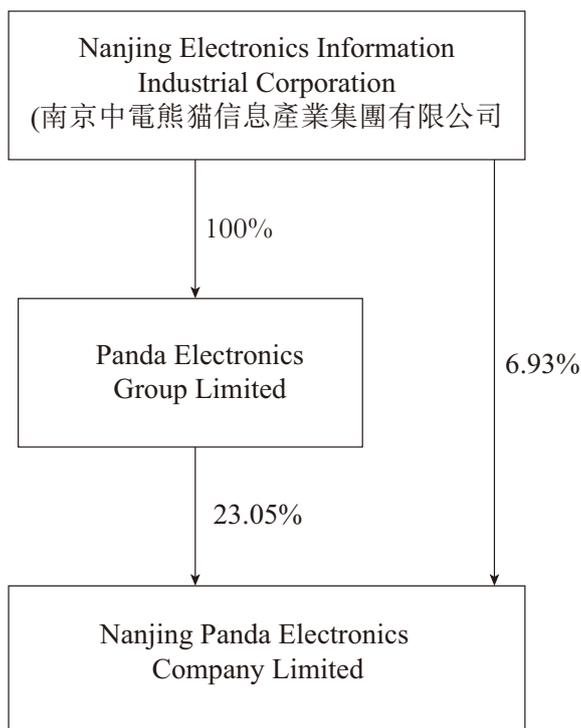
- (1) 167,350,000 shares held by PEGL were pledged on 22 January 2014, of which 50,000,000 shares, 23,470,000 shares and 93,880,000 shares were released on 12 May 2015, 26 June 2015 and 12 January 2016 respectively. PEGL completed the registration procedures of the share pledge with Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 24 March 2016 and 93,880,000 shares out of the 210,661,444 shares held by PEGL were pledged, representing 10.27% of the total share capital of the Company.

For details, please refer to the relevant announcements of the Company published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 23 January 2014, 14 May 2015, 30 June 2015, 14 January 2016 and 26 March 2016 respectively.

- (2) HKSCC (Nominees) Limited held 241,387,570 H shares of the Company, representing 26.41% of the issued share capital of the Company, on behalf of several clients. The Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.

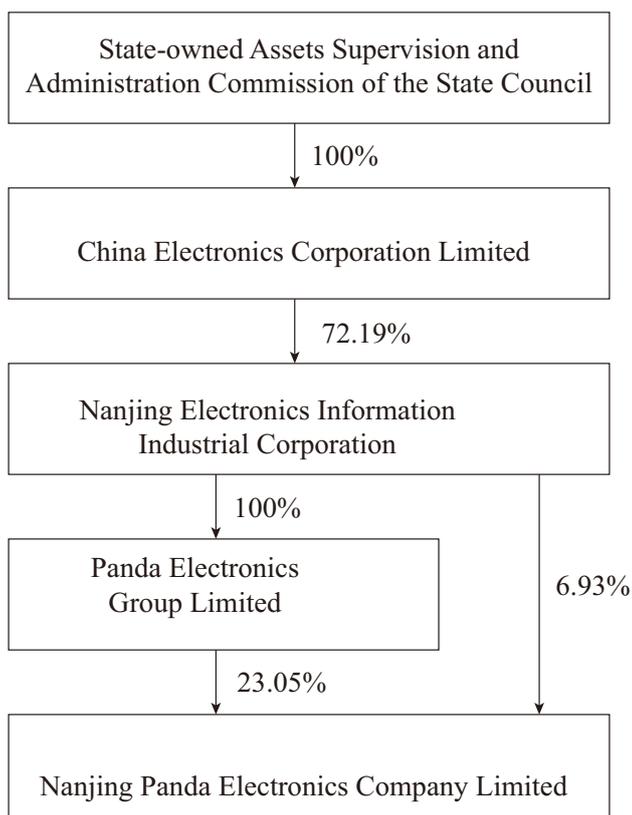
5.2 Diagram of the shareholding and controlling relationship between the Company and the controlling shareholder

Applicable Not applicable



5.3 Diagram of shareholding and controlling relationship between the Company and its ultimate controller

Applicable Not applicable



VI. DISCUSSION AND ANALYSIS OF THE OPERATION

6.1 Principal operations during the reporting period

In 2016, focusing on market demand, the Company strove to promote the industrialization of industrial robots, thus achieving a certain breakthrough in the sales of industrial robots of independent intellectual property rights. By following up the “13th Five-Year Development Plan for Intelligent Manufacturing”, the Company has devoted its great effort to explore new business in the field of intelligent manufacturing and achieved certain success. With a close eye on major rail transit projects, the Company won the bid of several projects. The Company earnestly implemented quality and efficiency enhancement measures and cost management programs and managed to reduce production costs through AI-based renovation of its plants, use of modified materials and optimization of electronic manufacturing services and products and business structure. Through its efforts to expand consumer product market, the Company achieved a considerable increase in export sales orders amid a sluggish global market. In addition, the Company strengthened special controls on inventories and accounts receivable and stepped up the collection of accounts receivable, which produced good effect with a portion of long-aged receivables recovered.

6.2 Analysis of changes in related items in the income statement and cash flow statement

Unit: 0'000 Currency: RMB

Item	Amount for the period	Amount for the same period last year	Change (%)
Operating income	370,276.34	361,348.29	2.47
Operating cost	316,785.60	308,070.13	2.83
Selling expenses	4,835.00	5,298.78	-8.75
Administrative expenses	42,680.37	42,640.66	0.09
Financial expenses	-541.71	-1,180.00	N/A
Net cash flows from operating activities	5,314.68	10,899.52	-51.24
Net cash flows from investment activities	29,812.40	16,217.69	83.83
Net cash flows from financing activities	-6,365.52	-12,985.81	N/A
R&D expenses	18,772.22	19,097.99 ^{Note 1}	-1.71
Non-operating income	6,913.02	1,415.87	388.25 ^{Note 2}

Note: 1: R&D expenses for 2015 included RMB7,798,200 of capitalized R&D investment

Note: 2: Increase in non-operating income was due to the government subsidy recognized in the period.

6.2.1 Analysis on revenue and cost

The operating income in the reporting period has no material changes as compared to that of previous year. The total operating income was RMB3,702,763,400, increased by 2.47% over the previous period, among which, the income from major business was RMB3,638,592,800, increased by 1.81% over the previous period. Sales revenue of electronic equipment products accounted for 40.55% of the principal operating revenue, representing a decrease of 8.66 percentage points as compared with that in 2015.

In recent years, with the increasing technical labor costs and declining prices of major projects, major construction works and processing services, gross margin for part of the business of the Company has decreased.

(1) Principle operations by business sector, product and geographical regions

Unit: 0'000 Yuan Currency: RMB

By sector	Principle operations by business sector						
	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income from the same period last year (%)	Increase/decrease in operating cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)	
Electronic equipment products	147,558.69	126,546.79	14.24	-16.09	-16.37	Increased by 0.29 percentage points	
Electronic manufacturing services	108,609.89	95,229.46	12.32	22.44	23.44	Decreased by 0.71 percentage points	
Consumer electronics products	84,636.93	75,536.68	10.75	14.52	14.42	Increased by 0.08 percentage points	
Others	23,053.77	15,686.14	31.96	21.79	48.61	Decreased by 12.28 percentage points	

Principle operations by product

By product	Operating income	Operating cost	Gross profit margin (%)	Increase/ decrease in	Increase/ decrease in	Increase/decrease in gross profit margin from the same period last year (%)
				operating income from the same period last year (%)	operating cost from the same period last year (%)	
Railway transit products	29,131.90	22,963.89	21.17	-9.19	-12.87	Increased by 3.32 percentage points
System integration and building intellectualization products	43,788.40	39,398.75	10.02	-1.54	-2.56	Increased by 0.94 percentage points
Industrial automation equipment	67,214.95	62,654.39	6.79	-25.06	-20.33	Decreased by 5.54 percentage points
Communication system	6,956.89	3,031.06	56.43	-15.14	-36.91	Increased by 15.03 percentage points
Plastic injection molding	37,452.12	33,628.72	10.21	-11.79	-13.42	Increased by 1.70 percentage points
Surface mounting	69,251.56	60,248.72	13.00	55.11	63.43	Decreased by 4.43 percentage points
Digital products	81,708.06	73,374.49	10.20	13.37	14.61	Decreased by 0.97 percentage points
Rental property	16,765.35	9,253.22	44.81	19.09	37.71	Decreased by 7.46 percentage points
Others	11,590.05	8,445.83	27.13	19.51	0.94	Increased by 13.40 percentage points

Principle operations by geographical regions

By geographical regions	Operating income	Operating cost	Gross profit margin (%)	Increase/ decrease in	Increase/ decrease in	Increase/decrease in gross profit margin from the same period last year (%)
				operating income from the same period last year (%)	operating cost from the same period last year (%)	
Nanjing	279,225.21	243,840.78	12.67	-0.08	0.86	Decreased by 0.81 percentage points
Shenzhen	84,634.07	69,158.29	18.29	8.58	9.30	Decreased by 0.53 percentage points

The Company's principal subsidiaries are all in the communication, electronic equipment manufacturing and other related industries. During the reporting period, sales revenue of electronic equipment products recorded a year-on-year decrease of 16.09% since new projects had not commenced operation. Sales revenue of electronics manufacturing products, however, increased by 22.44% over the last year as a result of growing order in the surface mounting business. Sales revenue of consumer electronics products also achieved a year-on-year increase of 14.52% due to significant increase in order as a result of positive feedback from the market to MID product and intelligent wristband.

Sales revenue of automation equipment products, a major product of the Company, declined by 25.06% over the last year since its new project was yet in operation. Sales revenue of railway transit products also decreased by 9.19% over the last year due to the impact of the timing for works recognition. Sales revenue of plastic injection molding products decreased by 11.79% over the last year as a result of sluggish development of the industry. Sales revenue of surface mounting increased by 55.11% over the last year due to the expanding market demands. Sales revenue of digital products rose by 13.37% over the last year due to increase in order led by positive market response.

The principal business of the Company was primarily distributed in Nanjing and Shenzhen. During the reporting period, sales revenue in Nanjing maintained as that of previous year, while sales revenue in Shenzhen recorded a year-on-year increase of 8.58% due to growing demand as a result of favourable market response to its consumer electronics products.

(2) *Sales from major customers and suppliers*

During the reporting period, sales to the top five customers amounted to RMB1,271,576,800, representing 34.36% of the total sales in 2016, of which sales to connected parties amounted to RMB785,334,200, representing 21.22% of the total sales in 2016.

During the reporting period, the aggregate amount of purchase from the top five suppliers of the Company amounted to RMB409,989,400, accounting for 14.18% of the total amount of purchase made by the Company in 2016. There was no connected parties in the top five suppliers.

6.3 Analysis of assets and liabilities

Unit: 0'000 Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Notes
Cash and bank	130,180.29	24.84	96,222.21	19.67	35.29	Mainly due to recovered principal as wealth management products mature at the end of the period and dividend received from associates in the period
Bills receivable	31,297.25	5.97	19,610.72	4.01	59.59	Mainly due to increase in bills receivable for selling products in the period
Interest receivable	–	–	99.44	0.02	-100.00	Mainly due to no recognition of deposit interest on an accrual basis in the period
Other current assets	25,901.89	4.94	45,700.00	9.34	-43.32	Mainly due to decrease in purchase of wealth management products at the end of the period
Construction in progress	150.22	0.03	464.35	0.09	-67.65	Mainly due to transfer of construction in progress into fixed asset in the period
Bills payable	14,369.18	2.74	9,328.37	1.91	54.04	Mainly due to issuance of bills according to contract for purchasing products in the period
Short-term borrowings	4,000.00	0.76	–	–	N/A	Mainly due to borrowings from banks in the period

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Notes
Tax payable	4,659.40	0.89	2,798.03	0.57	66.52	Mainly due to item reclassification according to accounting policy in the period
Interest payable	2.38	0.00	–	–	N/A	Mainly due to provision for interest of short-term borrowings for the period
Dividend payable	1,852.96	0.35	418.15	0.09	343.13	Mainly dividends on ordinary shares due to minority shareholders
Other current liabilities	970.00	0.19	4,075.66	0.83	-76.20	Mainly due to recognition of non-operating income according to standards in the period
Deferred income	891.84	0.17	–	–	N/A	Mainly due to recognition of asset-related government subsidy as deferred income according to standards
Deferred income tax liabilities	13.36	0.00	22.61	0.00	-40.91	Mainly due to decrease of taxable tentative difference recognized in the period

6.4 Use of proceeds and investment projects

During the reporting period, the Company used the raised proceeds pursuant to the provisions and requirements of the relevant laws, regulations and policies documents, mainly including: using the raised proceeds in proceeds investment projects, using temporary idle raised proceeds to purchase banks' wealth management products with capital guarantee, using the remaining raised proceeds to permanently replenish the working capital etc. For details, please refer to the 2016 Specific Report on the Deposit and the Actual Use of Proceeds Raised by Nanjing Panda (Lin 2017-017) (《南京熊猫2016年度募集資金存放與實際使用情況的專項報告》(臨2017-017)) published in China Securities Journal and Shanghai Securities News and on the websites of Shanghai Stock Exchange published by the Company on 30 March 2017.

6.5 Analysis of major invested companies

(1) *Changes in net profit of major subsidiaries are as follows:*

Subsidiary	Unit: 0'000 Currency: RMB		
	Net profit 2016	2015	Change (%)
Nanjing Panda Electronics Equipment Co., Ltd. ("Electronics Equipment Company")	726.63	2,410.12	-69.85
Nanjing Panda Information Industry Co., Ltd. ("Information Industry Company")	4,004.76	2,332.58	71.69
Nanjing Panda Electronics Manufacture Co., Ltd.	3,017.89	3,270.37	-7.72
Nanjing Panda Communications Technology Co., Ltd. ("Communications Technology Company")	684.26	1,386.48	-50.65
Nanjing Panda Electronic Technology Development Co., Ltd.	-1,914.60	-2,176.35	N/A
Shenzhen Jinghua Electronics Co., Ltd.	7,806.67	7,063.80	10.52
Nanjing Panda Xinxing Industrial Co., Ltd.	350.82	249.80	40.44

The sales revenue of Electronics Equipment Company decreased by 25.91% as compared to the same period of last year, mainly due to the failure of commencement of production of new projects. The increase in investment in research and development of robot resulted in a decrease in net profit. The net profit of Information Industry Company increased as compared to the same period of last year due to rise in gross profit margin in the business of rail transit. Communications Technology Company made a large amount of provision for bad debts in the period for the payment for goods that had not been recovered for a long time, resulting in a decrease in net profit. The sales revenue of Nanjing Panda Xinxing Industrial Enterprise Co., Ltd. increased by 11.77% as compared with the same period of last year, resulting in an increase in net profit of RMB1,010,200.

(2) *Nanjing Ericsson Panda Communication Co., Ltd. (“ENC”)*

ENC was set up on 15 September 1992 with a total investment of US\$40.88 million and a registered capital of US\$20.9 million. ENC is held as to 27% by the Company, 51% by Ericsson (China) Company Limited, 20% by China Potevio Co., Ltd., and 2% by Yung Shing Enterprise, Hong Kong. ENC mainly engages in R&D and production of mobile telecommunication system equipment and network communications system equipment, etc. As the biggest production and supply center of Ericsson in the world, ENC is now mainly in charge of the industrialization and mass production of the products that Ericsson Company Limited developed and provides delivery and shipment to customers worldwide.

Operating revenue of ENC for 2016 amounted to RMB10,162,137,000 representing a year-on-year decrease of 20.03%; net profit amounted to RMB217,642,000, representing a year-on-year decrease of 28.99%. Reason(s) for changes in the main indicators: more fierce competition in the domestic market resulted in the decrease in operating revenue and net profit over the same period of last year.

(3) Beijing SE Putian Mobile Communications Co., Ltd. (“BMC”)

BMC was set up on 8 August 1995 with a total investment of US\$90 million and a registered capital of US\$30 million. BMC is held as to 20% by the Company, 27% by China Potevio Co., Ltd., 26% by Sony Mobile Communications (China) Limited (索尼移動通信產品(中國)有限公司), 25% by Sony Mobile Communications Limited (索尼移動通信有限公司) and 2% by Yung Shing Enterprise, Hong Kong. BMC mainly engages in the manufacture of Sony mobile terminals (mobile phones) and is the principal production base and supply centre of Sony mobile phones.

Operating revenue of BMC in 2016 amounted to RMB14,043,068,000, representing a year-on-year decrease of 38.59%; net profit was RMB180,102,900, representing a year-on-year decrease of 64.69%. Reason(s) for changes in the main indicators: the product orders gradually declined and the indicators of income and net profit of the products decreased year-on-year due to the severe competition in the smart phone market.

(4) Investment income from major invested companies

During the reporting period, the Company’s investment income amounted to RMB108,566,100. The investment income of major invested companies are as follows:

Unit: 0’000 Currency: RMB

Invested companies	Operating income	Net profit	Shareholding of the Company	Investment income received by the Company
ENC	1,016,213.70	21,764.20	27	5,876.33
BMC	1,404,306.80	18,010.29	20	3,602.06

6.6 Operating plan

The operating targets of the Company in 2016 were to achieve a revenue of RMB3,800,000,000 and total profit of RMB220,000,000. Based on the audited financial report, the operating revenue of the Company in 2016 was RMB3,702,763,400 and total profit was RMB202,388,600.

The operating targets of the Company in 2017 are to achieve a revenue of RMB4,000,000,000 and total profit of RMB150,000,000. In 2017, the Board has formulated relatively objective and pragmatic business objectives based on the overall economic situation at home and abroad, taking into full account the developments of the industry segments in which the Company operates and the actual conditions of the Company. Although the Company is subject to many uncertainties in its daily course of operations, it will insist on pragmatic approaches and seek progress while maintaining stability in an effort to achieve its business objectives.

6.7 Profit distribution plan for 2016

As audited by BDO China Shu Lun Pan Certified Public Accountants LLP, the Company achieved a net profit of RMB59,937,400 (as parent company) and appropriated surplus reserves of RMB5,993,800 in 2016. Given the cash dividend of RMB62,141,000 distributed to shareholders in 2015 according to the 2015 profit distribution plan, and the undistributed profit at the beginning of the period of RMB274,170,200, the actual distributable profit to shareholders this year amounted to RMB265,972,800.

In accordance with the Articles of Association of the Company and the relevant requirements of Shanghai Stock Exchange, it was proposed to distribute a cash dividend of RMB0.70 (tax inclusive) for every ten shares to all the shareholders on the basis of a total share capital of 913,838,529 shares as at 31 December 2016, with the total cash dividend to be distributed amounting to RMB63,968,697.03, and the remaining part to be carried forward to next year. The Company will not transfer capital reserve into share capital. This proposal was considered and approved at the 10th meeting of the eighth session of the Board of the Company, and was agreed to submit to the annual general meeting for consideration.

The distribution of the proposed final dividend is subject to the approval by the Shareholders at the forthcoming annual general meeting of the Company to be held on or before 30 June 2017 and is expected to be paid to the holders of H shares of the Company on or before 10 August 2017. The notice of the AGM will be despatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange and the Company, respectively in due course.

6.8 Other Disclosures

(1) Liquidity of Capital

In accordance with the Accounting Standards for Business Enterprises of China, the gearing ratio of the Company (the ratio between total liabilities and total assets), current liabilities, liquidity ratio and quick ratio were 33.01%, RMB1,687,850,000, 2.23 and 1.74 respectively as at 31 December 2016 as shown in the consolidated financial statements of the Company.

Cash: bank balances and cash amounted to RMB1,141,683,900 as at 31 December 2016 as shown in the consolidated financial statements of the Company.

Loans: short-term bank loans and other loans amounted to RMB40,000,000 as at 31 December 2016 as shown in the consolidated financial statements of the Company.

During the reporting period, the 1-year Renminbi benchmark interest rate with financial institutions was 4.35%.

(2) *Connected Transactions relating to Creditor's Rights and Debts*

Unit: 0'000 Currency: RMB

Connected parties	Connected relationship	Provision of funds to connected parties			Provision of funds to the Company by connected parties		
		Opening balance	Amount of the transaction	Closing balance	Opening balance	Amount of the transaction	Closing balance
China Electronics Corporation	Ultimate holding company				3,400.00	14.38	3,414.38
Panda Electronics Group Limited	Group Company				978.99	-361.45	617.54
Nanjing Thales Panda Transportation System Company Limited	Associate of the subsidiary				86.03		86.03
Nanjing Zhongdian Panda Property Management Co., Ltd. (南京中電熊貓物業管理有限公司)	Ultimately controlled by the same party				52.14		52.14
Nanjing Electronics (Kunshan) Co., Ltd	Associate of the subsidiary				30.00	-30.00	
Nanjing Panda Electronics Transportation Company	Subsidiary of the Group				13.05	-11.82	1.23
Nanjing Electronics Information Industrial Corporation	Ultimately controlled by the same party				7.46	-3.00	4.46
Panda (Beijing) International Information Technology Co., Ltd	Subsidiary of the Group				4.56		4.56
Nanjing Panda Science Park Development Co., Ltd. (南京熊貓科技園開發有限公司)	Subsidiary of the Group				2.00		2.00
China National Electronics Import/Export Corporation	Ultimately controlled by the same party				1.00	18.55	19.55
Nanjing Panda DaSheng Electronics Technology Co.,Ltd	Subsidiary of the Group				0.02		0.02
Shanghai Panda Huning Electronic Technology Co., Ltd.	Ultimately controlled by the same party					2.29	2.29
Total					4,575.25	-371.05	4,204.20

Reason of creditor's rights and debts

Influence of creditor's rights and debts on the Company

The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange in so far as they are applicable in respect of the aforesaid connected transactions and continuing connected transactions.

(3) *Appointment and Dismissal of Accounting Firms*

Baker Tilly Hong Kong Limited and Baker Tilly China (Special General Partnership), have served as the international auditor and domestic auditor of the Company for years, respectively. Since their terms of provision of financial accounting and auditing services to the Company have reached the prescribed time limit pursuant to the relevant regulations stipulated by the Ministry of Finance of the People's Republic of China and the State-owned Assets Supervision and Administration Commission of the State Council, the Company has come to an agreement with Baker Tilly Hong Kong Limited and Baker Tilly China (Special General Partnership) on matters regarding their removal as the international auditor and domestic auditor as well as internal control auditor of the Company for the year 2016 upon amicable negotiation.

To ensure the smooth implementation of relevant audit of the Company, the Company appointed BDO China Shu Lun Pan Certified Public Accountants LLP as the international auditor and domestic auditor as well as the internal control auditor of the Company. Their remuneration will be determined within the limit of RMB2.1 million.

The resolution in relation to the change of accounting firms was considered and approved at the extraordinary meeting of the eighth session of the Board and at the second extraordinary general meeting of the Company in 2016, respectively, and the aforesaid removal and the appointment matters were approved.

(4) *Tax Policies*

The Company is registered in the Nanjing New and High-tech Industrial Development Zone, which is approved by the State Council as a national new and high-tech industrial development zone. The Company passed the review of new and high-tech enterprise in October 2014 (certificate no. GR201432002014), which is valid for 3 years. The applicable enterprise income tax rate is 15% under relevant policies and regulations.

(5) *Basic Medical Insurance for Employees*

The Company acted pursuant to the "Provisional Regulations on Basic Medical Insurance for Employees in Nanjing Municipality" and implemented a basic medical insurance scheme for its employees since 1 January 2001. The Company pays the premiums for such basic medical insurance scheme and the premiums are equivalent to 9% of the verified basic payment of all of the existing employees of the Company.

(6) *Liability Insurance for its Directors, Supervisors and Senior Management*

During the reporting period, the Company purchased liability insurance for its Directors and senior management in compliance with relevant requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

(7) *Code on Corporate Governance and Model Code*

During the reporting period, the Company has adopted and complied with the Corporate Governance Code as set out in Appendix 14 and the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

During the reporting period, Mr. Guo Qing, deputy general manager of the Company, involved in trading of A shares in violation of relevant PRC regulations. For details please refer to the Announcement in relation to Trading in Shares of the Company in Contravention of Relevant Regulations by Senior Management of Nanjing Panda (Lin. 2017–014) published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 25 March 2017. Save for the aforesaid, there was no trading in shares by Directors, supervisors and senior management in contravention of relevant regulations during the reporting period.

(8) *Audit Committee*

The Company has set up an Audit Committee in compliance with the requirements of Rule 3.21 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The Audit Committee has reviewed the interim financial report for 2016 and the audited financial report for 2016.

(9) *Purchase, sale or redemption of the Company’s listed securities*

For the year ended 31 December 2016, neither the Company nor its subsidiaries purchased, sold or redeemed the Company’s listed securities.

(10) *Audit Opinion*

The 2016 financial report of the Company was audited by BDO China Shu Lun Pan Certified Public Accountants LLP in accordance with Accounting Standards for Business Enterprises of China, which issued auditor’s reports with unqualified opinions.

VII. MATTERS RELATING TO THE FINANCIAL REPORT

7.1 Analysis and explanations on reasons for and effects of changes in accounting policies and estimates

In order to further regulate the accounting treatment of value added taxes and promote the implementation of the “Circular regarding the Pilot Program on Comprehensive Implementation of Replacing Business Tax with Value Added Tax”(Cai Shui [2016] No.36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號)), the Ministry of Finance of the PRC issued the “Regulations on Value Added Tax Accounting Treatment” (《增值稅會計處理規定》) in 2016, setting out new requirements for the accounting treatment of value added taxes.

The Company has changed its accounting policies pursuant to the above document, and adjusted the reported amounts of the relevant items presented in the financial statements for the year according to the relevant requirements set out in the document. The change of the accounting policies affects only the reported amounts of certain items of the financial statements and has no impact on the equity and net profit attributable to owners of the Company for 2016.

For details of the change in accounting policies, please refer to the Announcement of Nanjing Panda on Change in Accounting Policies (Lin 2017-[019]) published on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 30 March 2017.

7.2 During the reporting period, there was no correction of major accounting errors of the Company.

7.3 For changes in the consolidation scope of the financial statements as compared to the last financial report, the Company should provide specific explanation.

In the reporting period, a second-tier subsidiary of the Company disposed 55.00% of equity interests in its subsidiary Dongguan XingJinghua Plastic Products Co., Ltd. (東莞市興京華塑料製品有限公司) at a consideration of RMB550,000.00. After the disposal, it ceased to hold any equity interests in it. In the reporting period, Nanjing Panda Accurate Machinery Co., Ltd.(南京熊貓精機有限公司), Nanjing Panda Mechanical Co., Ltd. (南京熊貓機械有限公司), Nanjing Panda Power Sources Technology Co., Ltd. (南京熊貓電源科技有限公司), Shenzhen Jialihua Co., Ltd. (深圳市佳利華有限公司) and Shenzhen XingJinghua Packing Products Co., Ltd. (深圳市興京華包裝製品有限公司), the subsidiaries of the Company, were deregistered by the Company. Before deregistration of the aforesaid companies, their financial statements have been consolidated into the consolidated financial statements of the Company appropriately.

VIII. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS

CONSOLIDATED BALANCE SHEET

31 December 2016

(All amounts in RMB Yuan unless otherwise stated)

Items	Closing balance	Opening balance
Current assets:		
Cash and bank balances	1,301,802,896.46	962,222,126.94
Financial assets at fair value through profit and loss		
Derivative financial assets		
Bills receivable	312,972,457.59	196,107,157.14
Accounts receivables	1,238,735,984.06	1,043,468,726.23
Prepayments	143,140,748.06	128,556,264.84
Interest receivable		994,401.51
Dividends receivable		
Other receivables	77,676,184.19	102,598,457.58
Inventories	438,042,391.88	426,929,637.85
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	259,018,893.89	457,000,000.00
	<hr/>	<hr/>
Total current assets	3,771,389,556.13	3,317,876,772.09

Items	Closing balance	Opening balance
Non-current assets:		
Available-for-sale financial assets	3,650,000.00	3,650,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	363,076,123.14	447,693,693.59
Investment properties	8,469,941.94	9,512,701.03
Fixed assets	978,971,199.52	988,924,408.37
Construction in progress	1,502,221.31	4,643,526.54
Construction supplies		
Clearance of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	97,142,326.93	104,391,407.06
Development expenses		
Goodwill		
Long-term deferred expenses	6,995,346.87	8,306,199.54
Deferred income tax assets	8,779,702.14	6,800,695.69
Other non-current assets		
	<hr/>	<hr/>
Total non-current assets	<u>1,468,586,861.85</u>	<u>1,573,922,631.82</u>
Total assets	<u><u>5,239,976,417.98</u></u>	<u><u>4,891,799,403.91</u></u>

Items	Closing balance	Opening balance
Current liabilities:		
Short-term loans	40,000,000.00	
Financial liabilities at fair value through profit and loss		
Derivative financial liabilities		
Bills payable	143,691,812.27	93,283,710.62
Accounts payables	1,108,431,550.84	910,699,210.48
Advances from customers	132,694,559.25	139,640,661.64
Salaries payable	32,087,847.95	30,876,393.03
Taxes payable	46,593,961.13	27,980,335.62
Interest payable	23,835.62	
Dividends payable	18,529,612.95	4,181,545.34
Other payables	156,096,869.24	157,985,511.78
Liabilities classified as held for sale		
Non-current liabilities due within one year		
Other current liabilities	9,700,000.00	40,756,600.00
Total current liabilities	<u>1,687,850,049.25</u>	<u>1,405,403,968.51</u>
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: Preferred shares		
Perpetual capital securities		
Long-term payables		
Long-term employee salary payable	32,673,991.19	26,276,064.59
Specific payables		
Accrued liabilities		
Deferred income	8,918,416.06	
Deferred income tax liabilities	133,560.55	226,137.51
Other non-current liabilities		
Total non-current liabilities	<u>41,725,967.80</u>	<u>26,502,202.10</u>
Total liabilities	<u><u>1,729,576,017.05</u></u>	<u><u>1,431,906,170.61</u></u>

Items	Closing balance	Opening balance
Owners' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual capital securities		
Capital reserve	1,464,133,820.05	1,464,242,139.28
Less: Treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	251,825,696.34	245,831,957.46
Undistributed profits	690,472,508.00	639,366,753.93
	<hr/>	<hr/>
Total equity attributable to the owners of the parent company	3,320,270,553.39	3,263,279,379.67
Minority interests	190,129,847.54	196,613,853.63
	<hr/>	<hr/>
Total owners' equity	3,510,400,400.93	3,459,893,233.30
	<hr/>	<hr/>
Total liabilities and owners' equity	5,239,976,417.98	4,891,799,403.91
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Xia Dechuan

*Person in charge of
accounting work:*

Shen Jianlong

*Person in charge of the
Accounting Department:*

Liu Xianfang

BALANCE SHEET*31 December 2016**(All amounts in RMB Yuan unless otherwise stated)*

Items	Closing balance	Opening balance
Current assets:		
Cash and bank balances	335,229,528.49	95,074,660.13
Financial assets at fair value through profit and loss		
Derivative financial assets		
Bills receivable	500,000.00	18,000,000.00
Accounts receivables	82,209,934.77	84,227,954.78
Prepayments	1,392,109.95	2,097,095.90
Interest receivable		
Dividends receivable	973,887.56	1,973,887.56
Other receivable	299,788,984.63	282,783,700.03
Inventories	22,671,565.47	25,198,140.07
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	251,918,151.96	447,000,000.00
Total current assets	994,684,162.83	956,355,438.47

Items	Closing balance	Opening balance
Non-current assets:		
Available-for-sale financial assets	3,650,000.00	3,650,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	1,812,280,797.69	1,900,502,624.42
Investment properties		
Fixed assets	347,915,255.17	365,690,219.32
Construction in progress	90,564.10	824,628.20
Construction supplies		
Clearance of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	13,263,376.11	13,496,814.23
Development expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
	_____	_____
Total non-current assets	<u>2,177,199,993.07</u>	<u>2,284,164,286.17</u>
Total assets	<u><u>3,171,884,155.90</u></u>	<u><u>3,240,519,724.64</u></u>

Items	Closing balance	Opening balance
Current liabilities:		
Short-term loans		
Financial liabilities at fair value through profit and loss		
Derivative financial liabilities		
Bills payable	7,625,755.82	5,000,441.06
Accounts payables	52,121,083.74	36,186,447.59
Advances from customers	8,000.00	2,844,371.04
Salaries payable	2,369,247.78	4,950,679.68
Taxes payable	12,893,940.75	6,031,331.58
Interest payable		
Dividends payable		
Other payables	225,378,937.26	301,578,396.56
Liabilities classified as held for sale		
Non-current liabilities due within one year		
Other current liabilities	900,000.00	2,256,600.00
Total current liabilities	<u>301,296,965.35</u>	<u>358,848,267.51</u>
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: Preferred shares		
Perpetual capital securities		
Long-term payables		
Long-term employee salary payable	4,079,302.51	12,959,937.89
Specific payables		
Accrued liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	<u>4,079,302.51</u>	<u>12,959,937.89</u>
Total liabilities	<u>305,376,267.86</u>	<u>371,808,205.40</u>

Items	Closing balance	Opening balance
Owners' equity:		
Paid-up capital (or share capital)	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual capital securities		
Capital reserve	1,434,870,834.28	1,434,870,834.28
Less: Treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	251,825,696.34	245,831,957.46
Undistributed profits	265,972,828.42	274,170,198.50
	<hr/>	<hr/>
Total owners' equity	2,866,507,888.04	2,868,711,519.24
	<hr/>	<hr/>
Total liabilities and owners' equity	3,171,884,155.90	3,240,519,724.64
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Xia Dechuan

*Person in charge of
accounting work:*

Shen Jianlong

*Person in charge of the
Accounting Department:*

Liu Xianfang

CONSOLIDATED INCOME STATEMENT

Year of 2016

(All amounts in RMB Yuan unless otherwise stated)

Items	Amount for the current period	Amount for the prior period
I. Operating income	3,702,763,356.54	3,613,482,935.50
II. Total operating cost	3,672,354,844.96	3,609,796,223.92
Including: Operating cost	3,167,855,950.93	3,080,701,274.16
Taxes and surcharges	25,290,542.41	35,075,123.68
Selling expenses	48,349,962.41	52,987,800.34
Administrative expenses	426,803,729.36	426,406,618.48
Financial expenses	-5,417,075.71	-11,800,026.20
Loss on assets impairment	9,471,735.56	26,425,433.46
Add: Gains from change in fair value		
Investment income	108,566,100.29	206,956,734.21
Including: Income from investment in associates and joint ventures	95,058,047.55	185,177,439.42
III. Operating profit (losses are represented by “-”)	138,974,611.87	210,643,445.79
Add: Non-operating income	69,130,156.25	14,158,738.96
Including: Gains from the disposal of non-current assets	752,051.21	852,255.19
Less: Non-operating expenses	5,716,135.02	2,055,202.39
Including: Loss from the disposal of non-current assets	2,598,185.88	1,118,062.92
IV. Total profit (total losses are represented by “-”)	202,388,633.10	222,746,982.36
Less: Income tax	33,378,971.45	33,627,824.51
V. Net profit (net losses are represented by “-”)	169,009,661.65	189,119,157.85
Including: Net profit attributable to the equity holders of the parent company	119,240,512.92	143,836,663.39
Minority interests	49,769,148.73	45,282,494.46

Items	Amount for the current period	Amount for the prior period
VI. Net other comprehensive income after tax		
Net other comprehensive income after tax attributable to shareholders of the parent company		
(I) Other comprehensive income that can not be reclassified to profit and loss in subsequent periods		
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans		
2. Share of other comprehensive income of investee that can not be subsequently reclassified to profit and loss under equity method		
(II) Other comprehensive income that will be subsequently reclassified to profit and loss		
1. Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method		
2. Gains and losses from changes in fair value of available for sale financial assets		
3. Gains and losses from held-to-maturity investment reclassified as available for sale financial assets		
4. Effective part of hedging gains and losses from cash flows		
5. Exchange differences from retranslation of financial statements		
6. Others		
Net other comprehensive income after tax attributable to minority shareholders		

Items	Amount for the current period	Amount for the prior period
VII. Total comprehensive income	169,009,661.65	189,119,157.85
Total comprehensive income attributable to the equity holders of the parent company	119,240,512.92	143,836,663.39
Total comprehensive income attributable to minority shareholders	49,769,148.73	45,282,494.46
VIII. Earnings per share		
(I) Basic earnings per share	0.1305	0.1574
(II) Diluted earnings per share	0.1305	0.1574

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Xia Dechuan

*Person in charge of
accounting work:*

Shen Jianlong

*Person in charge of the
Accounting Department:*

Liu Xianfang

INCOME STATEMENT

Year of 2016

(All amounts in RMB Yuan unless otherwise stated)

Items	Amount for the current period	Amount for the prior period
I. Operating income	162,052,757.96	77,201,082.63
Less: Operating cost	99,010,797.01	48,161,803.72
Taxes and surcharges	4,236,189.84	1,926,518.90
Selling expenses	4,760,895.81	4,584,195.63
Administrative expenses	151,206,664.27	170,049,449.67
Financial expenses	-6,718,044.58	-2,303,477.80
Loss on assets impairment	4,583,174.65	530,157.97
Add: Gains from change in fair value		
Investment income	140,216,848.83	252,625,145.19
Including: Income from investment in associates and joint ventures		
II. Operating profit	45,189,929.79	106,877,579.73
Add: Non-operating income	17,305,266.66	3,851,123.40
Including: Gains from the disposal of non-current assets		
Less: Non-operating expenses	2,557,807.68	430,511.31
Including: Loss from the disposal of non-current assets		
III. Total profit	59,937,388.77	110,298,191.82
Less: Income tax		
IV. Net profit	59,937,388.77	110,298,191.82

Items	Amount for the current period	Amount for the prior period
V. Net other comprehensive income after tax		
(I) Other comprehensive income that can not be reclassified to profit and loss in subsequent periods		
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans		
2. Share of other comprehensive income of investee that can not be subsequently reclassified to profit and loss under equity method		
(II) Other comprehensive income that will be subsequently reclassified to profit and loss		
1. Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method		
2. Gains and losses from changes in fair value of available for sale financial assets		
3. Gains and losses from held-to-maturity investment reclassified as available for sale financial assets		
4. Effective part of hedging gains and losses from cash flows		
5. Exchange differences from retranslation of financial statements		
6. Others		
VI. Total comprehensive income	59,937,388.77	110,298,191.82
VIII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Xia Dechuan

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accounting work:*

Shen Jianlong

*Person in charge of the
Accounting Department:*

Liu Xianfang

Consolidated Cash Flow Statement

Year of 2016

(All amounts in RMB Yuan unless otherwise stated)

Items	Amount for the current period	Amount for the prior period
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	3,723,723,306.31	3,783,483,572.65
Received tax refunds	92,920,359.07	61,136,704.24
Other cash received related to operating activities	153,528,898.86	114,876,757.54
Sub-total of cash inflows from operating activities	3,970,172,564.24	3,959,497,034.43
Cash paid for sales of goods or rendering of services	3,047,270,117.99	2,950,192,129.39
Cash paid to and for employees	488,955,616.16	520,568,949.23
Cash paid for various taxes	161,842,503.27	173,087,465.07
Other payments related to operating activities	218,957,530.17	206,653,260.63
Sub-total of cash outflows from operating activities	3,917,025,767.59	3,850,501,804.32
Net cash flow from operating activities	53,146,796.65	108,995,230.11
II. Cash flow from investing activities:		
Cash from realization of investment		
Cash received from returns on investments	193,201,343.95	260,745,294.79
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	1,133,687.22	11,762,924.05
Net cash received from the disposal of subsidiaries and other operating entities		
Other cash received related to investment activities	2,505,000,000.00	2,596,000,000.00
Sub-total of cash inflows from investing activities	2,699,335,031.17	2,868,508,218.84
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	103,988,134.12	192,658,433.90
Cash paid for investment	300,000.00	
Net cash paid for acquisition of subsidiaries and other operating entities		10,672,879.97
Other cash received related to investment activities	2,296,922,945.76	2,503,000,000.00
Sub-total of cash outflows from investing activities	2,401,211,079.88	2,706,331,313.87
Net cash flow from investing activities	298,123,951.29	162,176,904.97

Items	Amount for the current period	Amount for the prior period
III. Cash flows from financing activities:		
Cash received from capital contribution		107,000.00
Including: Cash received by absorbing investments of minority by subsidiaries		107,000.00
Cash received from borrowings	380,000,000.00	230,000,000.00
Other cash received related to financing activities		4,415,000.00
Sub-total of cash inflows from financing activities	380,000,000.00	234,522,000.00
Cash paid for repayments of borrowings	340,000,000.00	260,000,000.00
Cash payment for interest expenses and distribution of dividends or profits	103,655,192.26	104,380,089.45
Including: Dividend and profit paid by subsidiaries to minority shareholders	41,057,422.29	40,115,579.88
Other cash payments related to financing activities		
Sub-total of cash outflows from financing activities	443,655,192.26	364,380,089.45
Net cash flow from financing activities	-63,655,192.26	-129,858,089.45
IV. Effect of exchange rate changes on cash and cash equivalents	263,100.53	134,048.15
V. Net increase in cash and cash equivalents	287,878,656.21	141,448,093.78
Add: Opening balance of cash and cash equivalents	853,805,263.06	712,357,169.28
VI. Closing balance of cash and cash equivalents	1,141,683,919.27	853,805,263.06

The accompanying notes form an integral part of these financial statements.

Legal representative:

Xia Dechuan

*Person in charge of
accounting:*

Shen Jianlong

*Person in charge of
accounting department:*

Liu Xianfang

Cash Flow Statement

Year of 2016

(All amounts in RMB Yuan unless otherwise stated)

Item	Amount for the current period	Amount for the prior period
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	145,796,306.31	78,138,293.15
Received tax refunds		
Other cash received related to operating activities	112,335,577.10	44,790,845.28
Sub-total of cash inflows from operating activities	258,131,883.41	122,929,138.43
Cash paid for sales of goods or rendering of services	94,781,560.85	73,784,393.64
Cash paid to and for employees	67,572,531.60	64,622,735.18
Cash paid for various taxes	10,163,446.36	7,709,892.96
Other payments related to operating activities	204,846,753.50	67,418,772.95
Sub-total of cash outflows from operating activities	377,364,292.31	213,535,794.73
Net cash flow from operating activities	-119,232,408.90	-90,606,656.30
II. Cash flow from investing activities:		
Cash from realization of investment		
Cash received from returns on investments	233,431,853.90	287,265,221.00
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	8,500.00	6,314,000.00
Net cash received from the disposal of subsidiaries and other operating entities		
Other cash received related to investment activities	1,781,000,000.00	2,024,467,414.67
Sub-total of cash inflows from investing activities	2,014,440,353.90	2,318,046,635.67
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	901,870.06	12,012,372.85
Cash paid for investment	5,000,000.00	27,675,004.70
Net cash paid for acquisition of subsidiaries and other operating entities		
Other cash received related to investment activities	1,582,000,000.00	2,031,052,000.00
Sub-total of cash outflows from investing activities	1,587,901,870.06	2,070,739,377.55
Net cash flow from investing activities	426,538,483.84	247,307,258.12

Item	Amount for the current period	Amount for the prior period
III. Cash flows from financing activities:		
Cash received from capital contribution		
Cash received from borrowings	340,000,000.00	230,000,000.00
Other cash received related to financing activities		
Sub-total of cash inflows from financing activities	340,000,000.00	230,000,000.00
Cash paid for repayments of borrowings	340,000,000.00	230,000,000.00
Cash payment for interest expenses and distribution of dividends or profits	63,133,604.98	63,699,509.57
Other cash payments related to financing activities		85,350,000.00
Sub-total of cash outflows from financing activities	403,133,604.98	379,049,509.57
Net cash flow from financing activities	-63,133,604.98	-149,049,509.57
IV. Effect of exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents		
Add: Opening balance of cash and cash equivalents	244,172,469.96	7,651,092.25
	87,859,882.87	80,208,790.62
VI. Closing balance of cash and cash equivalents		
	332,032,352.83	87,859,882.87

The accompanying notes form an integral part of these financial statements.

Legal representative:

Xia Dechuan

*Person in charge of
accounting:*

Shen Jianlong

*Person in charge of
accounting department:*

Liu Xianfang

Items	Amount for the current period						Total Shareholders' equity						
	Other equity instruments			Equity attributable to shareholders of the Parent company									
	Share capital	Preferred shares	Perpetual capital securities	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Unappropriate profits	Surplus reserves	Special reserves	Subtotal	Non-controlling interests	
(4) Internal transfer of shareholders' equity													
1. Transfer of capital reserve to capital (or share capital)													
2. Transfer of surplus reserve to capital (or share capital)													
3. Compensation of loss from surplus reserve													
4. Others													
(5) Special reserves													
1. Transfer in current period													
2. Use in current period													
(6) Others													
4. Balance at the end of current period	913,838,529.00				1,464,133,820.05				251,825,696.34	690,472,508.00	3,320,270,553.39	190,129,847.54	3,510,400,400.93

Items	Amount for the previous period												
	Share capital	Preferred shares	Other equity instruments	Capital reserves	Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Unappropriate profits	Subtotal	Non-controlling interests	Shareholders' equity	Total
1. Balance at the end of last year	913,838,529.00			1,463,439,040.01				234,802,138.28	566,873,252.64	3,178,952,959.93	204,508,444.20	3,383,461,404.13	
Add: Change in accounting policies													
Correction of previous errors													
Business combination under common control													
Other													
2. Balance at the beginning of this year	913,838,529.00			1,463,439,040.01				234,802,138.28	566,873,252.64	3,178,952,959.93	204,508,444.20	3,383,461,404.13	
3. Change of current period													
(a decrease is represented by "-")													
(1) Total comprehensive income				803,099.27				11,029,819.18	72,493,501.29	84,326,419.74	-7,894,590.57	76,431,829.17	
(2) Contribution and reduction of capital by shareholders									143,836,663.39	143,836,663.39	45,282,494.46	189,119,157.85	
1. Common stock contribution by shareholders				803,099.27						803,099.27	-12,368,979.24	-11,565,879.97	
2. Capital contribution by other equity instruments holders													
3. Amount of share-based payment recorded in the owners' equity													
4. Others													
(3) Profit distribution				803,099.27						803,099.27	-12,368,979.24	-11,565,879.97	
1. Transfer to surplus reserves								11,029,819.18	-71,343,162.10	-60,313,342.92	-40,808,105.79	-101,121,448.71	
2. Distributions to shareholders								11,029,819.18	-11,029,819.18				
3. Others									-60,313,342.92	-60,313,342.92	-40,808,105.79	-101,121,448.71	

Items	Other equity instruments		Equity attributable to shareholders of the Parent company				Amount for the previous period				Total Shareholders' equity		
	Share capital	Preferred shares	Perpetual capital securities	Others	Capital reserves	Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Unappropriate profits		Subtotal	Non-controlling interests
(4) Internal transfer of shareholders' equity													
1. Transfer of capital reserve to capital (or share capital)													
2. Transfer of surplus reserve to capital (or share capital)													
3. Compensation of loss from surplus reserve													
4. Others													
(5) Special reserves													
1. Transfer in current period													
2. Use in current period													
(6) Others													
4. Balance at the end of current period	913,838,529.00			1,464,242,139.28		245,831,957.46	639,366,753.93	3,263,279,379.67	196,613,853.63	3,459,893,233.30			

The accompanying notes form an integral part of these financial statements.

Legal representative of the Company:
Xia Dechuan

Chief Accountant:
Shen Jianlong

Head of the Accounting Department:
Liu Xianfang

Statement of Change of Shareholders' equity
Year of 2016
(All amounts in RMB Yuan unless otherwise stated)

Items	Share capital	Amount for the current period							Surplus reserves	Unappropriate profits	Total Shareholders' equity
		Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income				
		Preferred shares	Perpetual capital securities	Others			Special reserves	income			
1. Balance at the end of last year	913,838,529.00				1,434,870,834.28				245,831,957.46	274,170,198.50	2,868,711,519.24
Add: Change in accounting policies											
Correction of previous errors											
Other											
2. Balance at the beginning of this year	913,838,529.00				1,434,870,834.28				245,831,957.46	274,170,198.50	2,868,711,519.24
3. Change of current period (a decrease is represented by "-")									5,993,738.88	-8,197,370.08	-2,203,631.20
(1) Total comprehensive income										59,937,388.77	59,937,388.77
(2) Contribution and reduction of capital by shareholders											
1. Common stock contribution by shareholders											
2. Capital contribution by other equity instruments holders											
3. Amount of share-based payment recorded in the owners' equity											
4. Others									5,993,738.88	-68,134,758.85	-62,141,019.97
(3) Profit distribution									5,993,738.88	-5,993,738.88	
1. Transfer to surplus reserves										-62,141,019.97	-62,141,019.97
2. Distributions to shareholders											
3. Others											

Items	Amount for the current period											Total Shareholders' equity
	Share capital	Other equity instruments			Others	Capital reserves	Less: Treasury shares	Other comprehensive income			Unappropriate profits	
		Preferred shares	Perpetual capital securities					Special reserves	Surplus reserves			
(4) Internal transfer of shareholders' equity												
1. Transfer of capital reserve to capital (or share capital)												
2. Transfer of surplus reserve to capital (or share capital)												
3. Compensation of loss from surplus reserve												
4. Others												
(5) Special reserves												
1. Transfer in current period												
2. Use in current period												
(6) Others												
4. Balance at the end of current period	913,838,529.00				1,434,870,834.28				251,825,696.34	265,972,828.42		2,866,507,888.04

The accompanying notes form an integral part of these financial statements.

*Legal representative of
the Company:*
Xia Dechuan

Chief Accountant:
Shen Jianlong

*Head of the Accounting
Department:*
Liu Xianfang

Items	Amount for the previous period										Total Shareholders' equity	
	Other equity instruments				Capital reserves	Less:		Other comprehensive income	Special reserves	Surplus reserves		Unappropriate profits
	Share capital	Preferred shares	Perpetual capital securities	Others		Treasury shares						
1. Balance at the end of last year	913,838,529.00				1,434,870,834.28					234,802,138.28	235,215,168.78	2,818,726,670.34
Add: Change in accounting policies												
Correction of previous errors												
Other												
2. Balance at the beginning of this year	913,838,529.00				1,434,870,834.28					234,802,138.28	235,215,168.78	2,818,726,670.34
3. Change of current period												
(a decrease is represented by "-")										11,029,819.18	38,955,029.72	49,984,848.90
(1) Total comprehensive income											110,298,191.82	110,298,191.82
(2) Contribution and reduction of capital by shareholders												
1. Common stock contribution by shareholders												
2. Capital contribution by other equity instruments holders												
3. Amount of share-based payment recorded in the owners' equity												
4. Others												
(3) Profit distribution										11,029,819.18	-71,343,162.10	-60,313,342.92
1. Transfer to surplus reserves										11,029,819.18	-11,029,819.18	
2. Distributions to shareholders											-60,313,342.92	-60,313,342.92
3. Others												

Items	Amount for the previous period											Total Shareholders' equity
	Other equity instruments				Capital reserves	Less:		Other comprehensive income	Special reserves	Surplus reserves	Unappropriate profits	
	Share capital	Preferred shares	Perpetual capital securities	Others		Treasury shares						
(4) Internal transfer of shareholders' equity												
1. Transfer of capital reserve to capital (or share capital)												
2. Transfer of surplus reserve to capital (or share capital)												
3. Compensation of loss from surplus reserve												
4. Others												
(5) Special reserves												
1. Transfer in current period												
2. Use in current period												
(6) Others												
4. Balance at the end of current period	913,838,529.00				1,434,870,834.28				245,831,957.46	274,170,198.50	2,868,711,519.24	

The accompanying notes form an integral part of these financial statements.

All amounts are denominated in RMB yuan
The current period means 2016
The previous period means 2015
Closing balance means the balance as at 1 January 2016
Opening balance means the balance as at 31 December 2016

NOTE:

(1) BASIS OF PREPARATION

Based on going concern and actual transactions and events, the Company prepared financial statements in accordance with the Accounting Standards for Business Enterprises and various specific accounting standards, the Application Guidance for Accounting Standard for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (jointly referred to as the “**Accounting Standards for Enterprises**”), and the disclosure requirements in the Preparation Convention of Information Disclosure by “No. 15 Reporting Regulation on the information disclosure for public share offering companies – Ordinary Reporting Regulation” issued by the China Securities Regulatory Commission.

The Company has ability for continuous operation and there are no significant events which affect the ability for continuous operation within 12 months since the end of the current period.

(2) DECLARATION ON COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR ENTERPRISES

The financial statements prepared by the Company are in compliance with the requirements of the Accounting Standards for Enterprises and truly and completely reflect the financial position, operating results, cash flow positions and other relevant information of the Company during the reporting period.

(3) OPERATING INCOME, OPERATING COST AND SEGMENT FINANCIAL INFORMATION

1. Operating income and operating cost

Items	Amount for the current period		Amount for the previous period	
	Income	Cost	Income	Cost
Principal activities	3,638,592,773.01	3,129,990,758.74	3,573,955,363.07	3,050,435,763.10
Other activities	64,170,583.53	37,865,192.19	39,527,572.43	30,265,511.06
Total	<u>3,702,763,356.54</u>	<u>3,167,855,950.93</u>	<u>3,613,482,935.50</u>	<u>3,080,701,274.16</u>

2. Segment financial information

Item	Electronic	Electronic	Consumer	Other	Undistributed	Elimination	Total
	manufacturing products	equipment products	electronics products				
Trade income from third party	1,112,582,105.61	1,486,803,721.67	846,594,882.43	256,782,646.83			3,702,763,356.54
Trade income between segments	27,012,457.68	126,884,792.76	30,984,379.13	59,695,757.44		-244,577,387.01	-
Investment income from joint ventures and associated enterprises			300,721.43	94,757,326.12			95,058,047.55
Impairment loss of assets	6,268,958.72	7,881,423.72	-8,213,514.15	226,344.76	8,273,706.01	-4,965,183.50	9,471,735.56
Depreciation and amortisation expense	27,890,298.27	34,261,918.59	6,762,055.44	5,671,753.20	21,942,596.00		96,528,621.50
Total Profit	34,917,703.31	64,072,900.77	18,063,581.75	66,800,043.97	62,740,423.62	-44,206,020.32	202,388,633.10
Income tax expense	4,196,759.65	5,791,209.68	6,086,625.50	16,559,599.09		744,777.53	33,378,971.45
Net profit	30,720,943.66	58,281,691.09	11,976,956.25	50,240,444.88	62,740,423.62	-44,950,797.85	169,009,661.65
Total assets	940,202,278.13	2,660,931,973.35	399,955,010.78	454,292,861.00	3,045,198,438.88	-2,260,604,144.16	5,239,976,417.98
Total liabilities	489,643,698.73	1,196,373,757.19	275,400,207.43	183,075,832.32	172,505,555.52	-587,423,034.14	1,729,576,017.05
Other non-cash expense besides Depreciation and amortisation expense							-
Long term equity investment for joint ventures and associated enterprises			10,381,275.38	512,709.34	352,182,138.42		363,076,123.14
Increase in other non-current assets besides long-term equity investment	<u>3,713,519.64</u>	<u>31,199,356.26</u>	<u>256,958.53</u>	<u>1,659,864.87</u>	<u>127,817.71</u>		<u>36,957,517.01</u>

(IV) INCOME TAX EXPENSE

1. Details of income tax expense

Items	Amount for the current period	Amount for the prior period
Current income tax expense	35,450,554.86	33,596,834.88
Deferred income tax expense	-2,071,583.41	30,989.63
Total	<u>33,378,971.45</u>	<u>33,627,824.51</u>

2. Reconciliation between accounting profit and income tax expenses

Item	Amount for the current period
Total profit	202,388,633.10
Income tax expenses calculated at statutory tax rates	30,358,294.97
Effect of different tax rates applicable to subsidiaries	5,044,052.90
Income tax adjustments on prior periods	373,374.51
Effect from non-assessable income	-14,217,587.47
Costs, expenses and losses not deductible for tax purposes	2,259,438.92
Claim additional deduction R&D	-6,692,305.65
Effect of deductible loss of the unrecognized deferred income tax assets before usage	-1,765,769.93
Deductible temporary difference or effect of deductible loss of unrecognized deferred income tax assets in the current period	18,019,473.20
Others	
Income tax expense	<u>33,378,971.45</u>

(V) BREAKDOWN OF EXTRAORDINARY ITEMS FOR THE PERIOD

Item	Amount
Gains and losses from disposal of non-current assets	-1,563,807.88
Government grants (except for the grants which are closely related to the Company's business and have the unified standard amount and quantities in accordance with the national standard) included in gains and losses for the period	50,281,786.59
Gains and losses from entrusted investment	13,225,725.95
Reversal of impairment of receivables provided by specific provision	12,780,323.64
Other non-operating income and expenses other than the aforesaid items	13,438,076.41
Other non-recurring profit and loss items recognized by CSRC	
Sub-total	<u><u>88,162,104.71</u></u>
Affected income tax amount	6,958,893.58
Affected minority interests	<u>2,460,045.53</u>
Total	<u><u>78,743,165.60</u></u>

(VI) RETURN ON NET ASSETS AND EARNINGS PER SHARE

Profit during reporting period	Weighted average return on net assets (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to holders of ordinary shares of the Company	3.6662	0.1305	0.1305
Net profit attributable to holders of ordinary shares after extraordinary items	<u>1.2451</u>	<u>0.0443</u>	<u>0.0443</u>

(VII) CASH AND BANK BALANCES

Item	Closing balance	Opening balance
Cash on hand	540,213.61	654,078.59
Bank deposits	1,141,143,705.66	853,147,900.68
Other cash and bank balances	160,118,977.19	108,420,147.67
Total	<u>1,301,802,896.46</u>	<u>962,222,126.94</u>
Include: total amount deposited overseas	<u>17,006,542.30</u>	<u>9,656,548.31</u>

Details of cash and bank balances which has restricted usage due to reasons including pledges, charges or locked up and which is deposited overseas resulting in limited remittance back to China are as follows:

Item	Closing balance	Opening balance
Bank's acceptance bill deposits	63,361,306.16	39,308,908.49
L/C deposits	22,323,252.24	20,708,580.47
Performance deposits and bid deposits	74,434,418.79	48,399,374.92
Term deposits or demand deposits for guarantee		
Overseas deposits of which remittance back to China is limited		
Total	<u>160,118,977.19</u>	<u>108,416,863.88</u>

As of 31 December 2016, among other cash and bank balances, an amount of RMB160,118,977.19 was deposits made for the purpose of application for acceptance notes and unconditional, irrevocable guarantee letter from the bank.

(VIII) ACCOUNTS RECEIVABLE

1. Disclosure as classification

Item	Carrying amount		Closing balance		Carrying value
	Balance	Percentage (%)	Balance	Provision for bad debt Percentage (%)	
Substantial amount of single account receivable with specific provision for bad debts	1,028,790,468.91	81.42	8,952,811.00	0.87	1,019,837,657.91
Other unsubstantial amount of accounts receivable with specific provision for bad debts	<u>234,765,702.12</u>	<u>18.58</u>	<u>15,867,375.97</u>	<u>6.76</u>	<u>218,898,326.15</u>
Total	<u><u>1,263,556,171.03</u></u>	<u><u>/</u></u>	<u><u>24,820,186.97</u></u>	<u><u>/</u></u>	<u><u>1,238,735,984.06</u></u>

Item	Carrying amount		Opening balance		Carrying value
	Balance	Percentage (%)	Balance	Provision for bad debt Percentage (%)	
Substantial amount of single account receivable with specific provision for bad debts	869,863,905.59	81.12	11,977,468.11	1.38	857,886,437.48
Other unsubstantial amount of accounts receivable with specific provision for bad debts	<u>202,500,856.99</u>	<u>18.88</u>	<u>16,918,568.24</u>	<u>8.35</u>	<u>185,582,288.75</u>
Total	<u><u>1,072,364,762.58</u></u>	<u><u>/</u></u>	<u><u>28,896,036.35</u></u>	<u><u>/</u></u>	<u><u>1,043,468,726.23</u></u>

Substantial amount of single account receivable with specific provision for bad debt at the end of the period

Accounts receivable (by debtor)	Closing balance			Reasons
	Accounts receivable	Provision for bad debt	Percentage of provision	
Nanjing China Electronics Panda Panel Display Technology Co., Ltd	292,164,894.41	-	-	Expected can be recovered
CEC Panda LCD Technology Co., Ltd.	87,448,367.30	-	-	Expected can be recovered
Nanjing Panda HanDa Technology Co., Ltd.	75,822,689.75	33,649.21	0.04	Current value of the expected future cash flow is lower than its carrying value
Nanjing Metro Group Co., Ltd.	59,539,307.16	-	-	Expected can be recovered
SOUTHERN TELECOM INC.	52,908,102.76	-	-	Expected can be recovered
CEC Panda Liquid Crystal Material Technology Co., Ltd.	38,551,040.38	-	-	Expected can be recovered
NARI Technology Co., Ltd.	31,770,151.52	981,522.52	3.09	Current value of the expected future cash flow is lower than its carrying value
CommScope Communication Technology (China) Co., Ltd.	24,722,453.08	-	-	Expected can be recovered
Binhai Radio and Television Bureau	19,913,100.00	-	-	Expected can be recovered
Fuzhou BOE Optoelectronics Co., Ltd.	19,244,183.94	-	-	Expected can be recovered
Jiangsu Golden Cat Robot Technology Co., Ltd.	19,160,000.12	-	-	Expected can be recovered
DaiFuKu Automatic Handling Equipment (Suzhou) Co., Ltd.	15,769,565.25	-	-	Expected can be recovered
Nanjing Yougete Communication Equipment Co., Ltd.	14,285,000.00	7,142,500.00	50.00	Current value of the expected future cash flow is lower than its carrying value
Nanjing TATA AutoComp Systems Limited	14,239,500.01	-	-	Expected can be recovered
Shijiazhuang Urban Rail Transit Co., Ltd.	14,022,172.90	-	-	Expected can be recovered
Shanghai Weienshi Trading Co., Ltd.	13,521,552.00	-	-	Expected can be recovered

Closing balance				
Accounts receivable (by debtor)	Accounts receivable	Provision for bad debt	Percentage of provision	Reasons
Xinjiang Administration of Press, Publication, Radio, Film and Television	13,518,115.80	-	-	Expected can be recovered
Suzhou Railway Group Co., Ltd	12,279,207.58	-	-	Expected can be recovered
Panda Electronics Group Company	12,429,314.88	25,550.00	0.21	Current value of the expected future cash flow is lower than its carrying value
Shaanxi IRICO Electronic Glass Co., Ltd.	11,900,000.00	-	-	Expected can be recovered
Nanjing Sharp Electronics Co., Ltd.	11,430,869.84	15,317.33	0.13	Current value of the expected future cash flow is lower than its carrying value
Nanjing Municipal Communist Party	10,785,869.87	-	-	Expected can be recovered
IRICO (Hefei) LCD glass Co., Ltd.	10,669,200.00	-	-	Expected can be recovered
Radio Frequency System (Shanghai) Co., Ltd	10,173,734.68	-	-	Expected can be recovered
Shanghai Amphenol Airwave Communication Electronics Co., Ltd.	10,014,361.77	-	-	Expected can be recovered
Jiangsu Cable Network Development Corp. Ltd Sihong Branch	9,354,000.00	-	-	Expected can be recovered
Nanjing Rail Transit Systems Co., Ltd	9,114,307.40	-	-	Expected can be recovered
Nanjing Chaoyuan Communication Equipment Co., Ltd	8,019,700.00	-	-	Expected can be recovered
Kunshan Yisheng Machinery Industrial Co., Ltd.	7,994,041.75	-	-	Expected can be recovered
Shenzhen Jinghua Network Marketing Co., Ltd	7,836,395.00	-	-	Expected can be recovered
Nanjing Panda Electronics Import/Export Co., Ltd.	7,136,508.18	695,611.41	9.75	Current value of the expected future cash flow is lower than its carrying value
Nanjing Nature Power CO.,LTD	6,920,590.09	-	-	Expected can be recovered
Multilaser Industrial SA	6,910,090.68	-	-	Expected can be recovered
Jiangsu Chi-World Enviromental Company Limited	6,500,000.00	-	-	Expected can be recovered
Huatai Group Co., Ltd.	6,463,958.85	-	-	Expected can be recovered
Majie (Suzhou) Technology Co., Ltd.	6,444,225.59	-	-	Expected can be recovered

Closing balance

Accounts receivable (by debtor)	Accounts receivable	Provision for bad debt	Percentage of provision	Reasons
Nanjing Metro Operation Co., Ltd.	5,957,720.36	-	-	Expected can be recovered
Nanjing Huaying Electronics Co., Ltd	5,865,000.00	-	-	Expected can be recovered
China Electronics Science and Industry New Materials Jiangsu Co., Ltd.	5,863,419.96	-	-	Expected can be recovered
The Second Hospital of Nanjing	5,837,208.00	-	-	Expected can be recovered
Hunan Administration of Press, Publication, Radio, Film and Television	5,744,726.00	-	-	Expected can be recovered
Jingjiang Tianyuan Aierrui Electronics Technology Co., Ltd	5,274,000.00	-	-	Expected can be recovered
Jiangsu Broadcasting Cable Information Network Corp. Ltd Nanjing Branch	5,115,711.80	58,660.53	1.15	Current value of the expected future cash flow is lower than its carrying value
Nanjing Hexi Convention & Exhibition Co., Ltd	5,107,491.73	-	-	Expected can be recovered
Xuzhou Suning Real Estate Co., Ltd	5,048,618.52	-	-	Expected can be recovered
	<hr/>	<hr/>		
Total	<u>1,028,790,468.91</u>	<u>8,952,811.00</u>	/ /	

2. The situation of provision for bad debt, and provision for bad debt reversed or received

Item	The amount incurred in current period
Provision for bad debt	8,465,719.00
Provision for bad debt received/reversed	<u><u>12,404,574.89</u></u>

The significant situation of provision for bad debt received or reversed in current period:

Name of debtor	The amount of reversed or received	Basis of original provision of debt method and its rationality	Reasons of reversed or received	Receiving method
Ningxia Radio, Film & Television Bureau	4,461,113.20	Specific provision	Partly received	Monetary payment
Binhai Radio and Television Bureau	2,415,018.84	Specific provision	Received	Monetary payment
NARI Technology Co., Ltd.	1,922,567.66	Specific provision	Received	Monetary payment
Nanjing Jiangning District Finance Bureau	1,683,435.31	Specific provision	Received	Monetary payment
Sheyang County Radio and Television Station	1,195,225.52	Specific provision	Received	Monetary payment
Total	<u><u>11,677,360.53</u></u>			

3. The situation of written-off accounts receivable in current period

Item	The amount incurred in current period
Written-off accounts receivable	<u><u>136,993.49</u></u>

4. Top five debtors with the largest closing balances of accounts receivable

Name of debtor	Accounts receivable	Percentage of closing balance over total of accounts receivable (%)	Provision for bad debt
Nanjing China Electronics Panda Panel Display Technology Co., Ltd	292,164,894.41	23.12	
CEC Panda LCD Technology Co., Ltd.	87,448,367.30	6.92	
Nanjing Panda HanDa Technology Co., Ltd.	75,822,689.75	6.00	33,649.21
Nanjing Metro Group Co., Ltd.	59,539,307.16	4.71	
SOUTHERN TELECOM INC.	52,908,102.76	4.19	
Total	<u>567,883,361.38</u>	<u>44.94</u>	<u>33,649.21</u>

(IX) ACCOUNTS PAYABLE

1. Accounts payable:

Item	Closing balance	Opening balance
Payment for goods	858,241,052.68	609,551,699.67
Project funds	225,407,018.14	274,260,678.85
Processing and maintenance funds	10,949,949.90	11,455,233.11
Logistics warehousing funds	4,079,273.31	5,643,227.05
Others	9,754,256.81	9,788,371.80
Total	<u>1,108,431,550.84</u>	<u>910,699,210.48</u>

2. Significant accounts payable aged over one year:

Items	Closing Balance	Reasons for outstanding or carried forward
NIDEC SANKYO CORPORATION	26,479,504.73	Not settled
Iwasaki Mfg. Co., Ltd.	20,836,579.24	Not settled
Nanjing Panda Electronics Import/Export Co., Ltd.	20,433,190.68	Not settled
Nanjing XunHeng Digital Technology CO., LTD	7,272,582.50	Not settled
Daifuku Co., Ltd.	6,430,419.25	Not settled
Shanghai Okamura Furniture and Logistic System Co.,Ltd.	4,847,771.09	Not settled
Suzhou Golden Brain Intelligent System Engineering Co., Ltd.	4,498,130.58	Not settled
Jiangsu Hongsheng Construction Engineering Group Co., Ltd. (江蘇弘盛建設工程集團有限公司)	3,652,815.68	Not settled
Wuhu Haotong Intelligent Science & Technology Co., Ltd. (蕪湖浩通智慧科技有限公司)	2,983,214.88	Not settled
Shanghai Wisdom, Electrical and Mechanical Engineering Technology Co., Ltd	2,891,348.90	Not settled
Shanghai Huiya Aluminium Alloy Product Co., Ltd. (上海惠亞鋁合金製品有限公司)	2,752,868.13	Not settled
Haitian Construction Group Co., Ltd.	2,709,508.55	Not settled
Hytera Communications Co., Ltd.	2,667,594.14	Not settled
Beijing Gold Barron Radio and TV Technology Co., Ltd.	2,043,408.48	
Nanjing Hua Hao Buildings Technology Co., Ltd.(南京華灝樓宇科技有限公司)	2,462,477.00	Not settled
Nanjing Defei Technology Co., Ltd.	2,425,517.00	Not settled
Shenzhen SBS Science & Technology Co., Ltd.	1,911,050.50	Not settled
Suzhou Huiqiao Factory Automation Co., Ltd.	1,610,000.00	Not settled
Total	<u><u>118,907,981.33</u></u>	/

(X) MATERIAL COMMITMENTS

As at the balance sheet date, commitment made by the Company that has been contracted but not listed on the Balance Sheet is shown below:

Item	Closing balance	Opening balance
Buildings and constructions	2,623,826.33	2,926,971.73
Plant and equipment	1,029,491.13	1,029,491.13
Intangible assets/software system	48,157.69	
Total	<u>3,501,559.33</u>	<u>3,956,462.86</u>

(XI) MATERIAL CHANGES IN ACCOUNTING POLICY

1. Material changes in accounting policy

(1) *Implementation of the Provisions on the Accounting Treatment of Value-added Tax*

The Ministry of Finance issued the Regulations on Value Added Tax Accounting (Cai Kuai [2016] No. 22) on 3 December 2016, which applies to related transactions since 1 May 2016. The main impact of the Group's implementation of the Regulations is as follows:

Content of and reasons for changes in accounting policies	Approval process	Affected item and amount
(1) The "Business taxes and surcharges" item in the Income Statement was adjusted into "Taxes and surcharges" item.	Approved by board of directors	Taxes and surcharges
(2) Real estate tax, land use tax, vehicle use tax and stamp duty on business activities since 1 May 2016 were reclassified from the "General and administrative expenses" item to "Taxes and surcharges" item and taxes and fees before 1 May 2016 were not adjusted. Comparative data was not adjusted.	Approved by board of directors	Increased taxes and surcharges amounted RMB5,748,004.39, reduced general and administrative expenses amounted RMB5,748,004.39.
(3) Debit balances of detail accounts such as "VAT payable", "unpaid VAT", "deductible input VAT", "certifiable input VAT", "VAT retained", etc. under "Taxes payable" were reclassified to "other current assets" (or "other non-current assets") item. Comparative data was not adjusted.	Approved by board of directors	Increased closing balance of other current assets amounted to RMB10,633,287.31, and increased closing balance of taxes payable amounted RMB10,633,287.31.

(XII) OTHER EVENTS

The Company provided Nanjing Panda Electronic Equipment Co. Ltd., a subsidiary of the Company, with performance bond of RMB2,657,387.60 (Nanjing Maigaoqiao Sub-branch of Industrial Bank Co., Ltd.).

The Company provided Nanjing Panda Information Industry Co., Ltd., a subsidiary of the Company, with bank guarantee of RMB114,760,902.86 (Nanjing Branch of Shanghai Pudong Development Bank Co., Ltd.).

The Company provided Nanjing Panda Information Industry Co., Ltd., a subsidiary of the Company, with bank guarantee of RMB19,617,572.45 (Nanjing Branch of Ningbo Bank Co., Ltd.).

The Company provided Nanjing Panda Information Industry Co., Ltd., a subsidiary of the Company, with bank guarantee of RMB1,145,333.31 issued by Nanjing Branch of China Merchants Bank (Chengdong Sub-branch of Nanjing Branch of China Merchants Bank Co., Ltd.).

By order of the Board
Nanjing Panda Electronics Company Limited
Xu Guofei
Chairman

Nanjing, the People's Republic of China
29 March 2017

As at the date of this announcement, the Board comprises Executive Directors: Mr. Xu Guofei, Mr. Chen Kuanyi and Mr. Xia Dechuan; Non-executive Directors: Mr. Lu Qing, Mr. Deng Weiming and Mr. Gao Gan; and Independent Non-executive Directors: Ms. Du Jie, Mr. Chu Wai Tsun, Vincent and Mr. Zhang Chun.